

Message Text

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TAGS: ETRD

SUBJ: EFFECTIVENESS IN OVERSEAS COMMERCIAL FUNCTION

REF: STATE 239800, HAGUE 3223

1. AS A MISSION WHICH HAS LONG PLACED HEAVY EMPHASIS AND MANAGEMENT ATTENTION ON THE BALANCE OF PAYMENTS PROGRAM, AND WHICH AS DEPT KNOWS HAS PIONEERED SEVERAL PROMISING NEW TECHNIQUES IN THIS FIELD, WE WELCOME THE OPPORTUNITY AFFORDED BY THE FIRST REFTEL TO PROPOSE INPUT FOR THE ACTING UNDER SECRETARY'S REASSESSMENT OF THE PROGRAM.

2. AS THE DEPT WILL BE AWARE, THIS IS NOT THE FIRST TIME IN RECENT YEARS THAT EMBASSY RECOMMENDATIONS HAVE BEEN INVITED ON IMPROVING THE FOREIGN SERVICE COMMERCIAL PROGRAM. WE COMMENTED IN EXTENSO IN CONNECTION WITH THE PRITZ-LAFF REPORT (HAGUE LETTER OF 7/31/72) AND IN RESPONSE TO STATE 26228 OF FEB 15, 1972 (HAGUE 1005) AND STATE 141993 (HAGUE 3223). ALTHOUGH MUCH HAS BEEN DONE IN THE INTERIM TO IMPROVE THE COMMERCIAL PROGRAM AT BOTH THE WASHINGTON AND FIELD ENDS WE FIND THAT MOST OF OUR PROPOSALS ARE STILL UNIMPLEMENTED AND STILL VALID. IN THIS MESSAGE WE WILL BRING TOGETHER THOSE CONCEPTS PUT FORWARD IN EARLIER MESSAGES WHICH WE DEEM TO BE OF TRANSCENDANT IMPORTANCE IF WE ARE TO MOUNT THE COMMERCIAL EFFORT NEEDED BY THE WORLD'S LARGEST TRADING NATION AT A TIME WHEN IT IS FACING BALANCE OF PAYMENTS DIFFICULTIES.

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3. IF THE FOREIGN SERVICE IS TO PERFORM A CREDIBLY USEFUL ROLE IN SUPPORT OF OUR PRIVATE SECTOR (AND WE BELIEVE IT CAN) WE NEED THREE BASIC TOOLS--COMPETENT MANPOWER, MONEY, AND SOMETHING TO SELL. THERE ARE PROBLEMS ON ALL THREE COUNTS.

4. MANPOWER. THE AMERICAN FOREIGN SERVICE HAS AN ABOVE AVERAGE SHARE OF INTELLIGENT, RESOURCEFUL AND AGGRESSIVE PEOPLE. IF THE SECRETARY INTENDS TO GIVE PRIORITY EMPHASIS TO THE COMMERCIAL PROGRAM THE FIRST PREREQUISITE IS THAT WE FOCUS OUR BEST TALENT ON THAT EFFORT, IN A CAREER SERVICE THIS CAN ONLY BE DONE BY ENSURING THAT THE COMMERCIAL CONE PROVIDES A SURE AND FAST ROAD TO AN AMBASSADORSHIP AND THAT TOP MANAGEMENT DEVOTES A MAJOR SHARE OF ITS TIME AND ATTENTION TO THE COMMERCIAL PROGRAM. IN TODAY'S WORLD THIS MAY NOT BE A FEASIBLE OPTION, BUT IT IS THE ONLY RECIPE FOR OPTIMUM SUCCESS.

5. COMPETENT LOCAL EMPLOYEES ARE AS VITAL TO THE SUCCESS OF A COMMERCIAL PROGRAM AS GOOD AMERICAN OFFICERS. THEY PROVIDE THE LOCAL EXPERTISE AND ABOVE ALL THE CONTINUITY THAT WE SO SORELY NEED. SINCE LOCALS ARE BARRED BY DEFINITION FROM THE UPPER HIERARCHY WE CAN GET THE BEST ONLY IF WE PAY PREMIUM PRICES. A GOOD LOCAL IN A DEVELOPED COUNTRY MAY WELL COST MORE IN BASIC SALARY THAN HIS AMERICAN SUPERVISOR. WE SHOULD NOT SHRINK FROM THIS APPARENT ANOMALY; HE MAY WELL PRODUCE MORE THAN HIS SUPERVISOR. UNFORTUNATELY, AT PRESENT FSL WAGE SCALES WE ARE UNABLE TO COMPETE WITH PRIVATE ENTERPRISE FOR BEST PEOPLE.

6. MONEY. WE HAVE FOR FAR TOO LONG ATTEMPTED TO MOUNT A LARGE COUNTRY COMMERCIAL EFFORT ON A SMALL COUNTRY BUDGET. WE NEED MORE MONEY FOR CONTRACT MARKET RESEARCH, FOR FASTER COMMUNICATIONS, FOR LOCAL TRAVEL, FOR THE PRINTING AND DISSEMINATION OF BROCHURES, AND FOR THE ENTERTAINMENT OF BUSINESS CONTACTS. TAKING ENTERTAINMENT ALONE, THE GERMAN COMMERCIAL VICE COUNSEL IN AMSTERDAM HAS A LARGER BUDGET FOR HIMSELF THAN HAS THE ENTIRE US ECON/COMMERCIAL ESTABLISHMENT IN ALL THREE POSTS IN THE NETHERLANDS. THE CANADIAN COMMERCIAL SECTION HAS SEVEN TIMES AS MUCH. BONN'S IDEA (BONN 18365) FOR A COUNTRY COMMERCIAL BUDGET COULD PROVIDE A USEFUL VEHICLE FOR MUSTERING SUCH FUNDS AS WE HAVE AND SPENDING THEM IN ACCORDANCE WITH A PRECONCEIVED PLAN, I.E. THE CCP.

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7. IF A SUBSTANTIAL INCREASE IN APPROPRIATIONS FOR THE FOREIGN SERVICE COMMERCIAL PROGRAM IS NOT ANTICIPATED, WE MIGHT TRY A TECHNIQUE THAT MANY COUNTRIES, INCLUDING THE NETHERLANDS, HAVE FOUND EFFECTIVE, I.E. ESTABLISH A RELATIONSHIP WITH THE US EXPORT COMMUNITY, ORGANIZED AS A TAX EXEMPT ASSOCIATION, UNDER WHICH THE EXPORTERS PROVIDE FUNDS, TALENT AND ADVICE FOR THE FOREIGN SERVICE SUPPORT EFFORT. ORGANIZATIONS SUCH AS THE AMERICAN SOCIETY OF TRAVEL AGENTS AND THE NATIONAL ASSOCIATION OF STATE DEVELOPMENT AGENCIES COULD PLAY A SIMILAR ROLE IN SUPPORT OF OUR TRAVEL USA AND REVERSE INVESTMENT PROGRAMS. QUITE APART FROM THE FISCAL ADVANTAGE, THIS WOULD SERVE TO EMPHASIZE THE INTERDEPENDENCE OF THE PUBLIC AND PRIVATE SECTORS IN THE BALANCE OF PAYMENTS IMPROVEMENT CAMPAIGN AND ENCOURAGE BUSINESS TO MAKE

GREATER USE OF AVAILABLE GOVERNMENT SERVICES.

8. PRODUCTS. ALTHOUGH THE US EXPORTS MORE GOODS AND SERVICES THAN ANY OTHER SINGLE NATION, IT IS STILL A FACT THAT ONLY ABOUT 5 PERCENT OF OUR MANUFACTURERS ARE SERIOUSLY ENGAGED IN EXPORTING. IN A TYPICAL YEAR WE GENERATE FAR MORE EXPORT, TRAVEL UND REVERSE JOINT VENTURE OR LICENSING OPPORTUNITIES THAN GAIN A CONSTRUCTIVE RESPONSE FROM AMERICAN BUSINESS. EVEN WHEN THE US DOMESTIC MARKET IS SOFT AND THERE IS SURPLUS US PRODUCTIVE CAPACITY AVAILABLE, IT IS DIFFICULT TO ENTICE NEW-TO-EXPORT FIRMS INTO THE OVERSEAS MAR ET. WE RECOGNIZE THAT MANY IMAGINATIVE TECHNIQUES HAVE BEEN EMPLOYED, AND ARE STILL BEING USED, BY WASHINGTON AGENCIES TO OVERCOME THIS PROBLEM BUT RESULTS HAVE BEEN MEAGER. WE FRANKLY HAVE NOTHING NEW TO SUGGEST. WE DO INTEND IN THE COMING YEAR, HOWEVER, TO PUT MORE EMPHASIS ON "BRINGING THE MOUNTAIN TO MOHAMMED" BY ORGANIZING REVERSE TRADE MISSIONS TO MAJOR US TRADE SHOWS. UNDER CURRENT EXCHANGE RATE CONDITIONS WE BELIEVE INTEREST WOULD BE HIGH. BEFORE WE CAN START RECRUITING THESE MISSIONS, HOWEVER, WE NEED ASSURANCES OF WELL-CONCEIVED AND ENTHUSIASTIC SUPPORT FROM GOVERNMENT AGENCIES AND TRADE ASSOCIATIONS IN THE US.

9. IN CONCLUSION, WE WOULD LIKE TO PAY TRIBUTE TO THE SIGNIFICANT PROGRESS MADE BY STATE AND COMMERCE IN STRENGTHENING THE COMMERCIAL PROGRAM OVER THE PAST TWO YEARS. THE ENHANCEMENT OF CAREER PROSPECTS FOR COMMERCIAL PERSONNEL, THE EMPHASIS ON SELECTED TARGET INDUSTRIES, THE NEW CCP CONCEPT, THE MORE EXPEDITIOUS AND RATIONAL HANDLING OF TRADE OPPORTUNITIES AND LIMITED OFFICIAL USE
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COMMERCIAL INTELLIGENCE, AND THE WORK IN PROGRESS ON COMPUTERIZATION ARE AMONG THE MANY SOLID ACCOMPLISHMENTS OF THE PRESENT WASHINGTON COMMERCIAL TEAM. SEEN FROM HERE WHAT IS NEEDED NOW IS CLOSER COORDINATION WITH OTHER AGENCIES INVOLVED IN THE BALANCE OF PAYMENTS EFFORT SUCH AS AGRICULTURE, TREASURY, DEFENSE, STR, EXIMBANK, THE STATE GOVERNMENTS, AND, OF COURSE, THE BUSINESS COMMUNITY ITSELF, PLUS MORE RESOURCES FOR THE FOREIGN SERVICE WHICH PROVIDES THE GOVERNMENTAL INTERFACE WITH OUR CUSTOMERS ABROAD.
GOULD

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